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SUBJECT: BELARUS WEEKLY POL/ECON REPORT - November 7, 2008

1. The following are brief items of interest compiled by Embassy Minsk.

TABLE OF CONTENTS

Civil Society

- Opposition Protests Travel Ban (para. 2)
- Opposition Activist Fined (para. 3)
- Opposition Commemorates Ancestors, Stalin Terror Victims (para. 4)
- Kurapaty Vandals Detained (para. 5)
- "Extremist" Independent Newspaper Acquitted (para. 6)

Domestic Economy

- GOB Secures Bank Deposits (para. 7)
- Foreign Debt Down, Internal Debt Up (para. 8)

International Trade

- Commodity Trade Deficit on the Rise (para. 9)
- Belarusian Potash Company to Cut Exports (para. 10)

Quote of the Week (para. 11)

Civil Society

2. Opposition Protests Travel Ban

On November 6, approximately ten opposition and youth leaders and activists marched in central Minsk to protest the politically-motivated travel ban and delivered an appeal to the Interior Ministry and Prosecutor General. Police violently forced the activists away from the ministries and reportedly beat Malady Front leader Zmitser Dashkevich. United Civic Party Chair Anatoliy Lebedko noted that he expects law enforcers to announce the official grounds for their travel ban and infringement on their freedom of movement.

3. Opposition Activist Fined

Drogichin authorities fined November 3 local Belarusian Popular Front office head Vladimir Kazeko USD 330. Police searched Kazeko's residence and confiscated 2,000 copies of the unregistered independent newspaper, Tut I Tsyaper, on October 31. The activist was charged with illegal distribution of printed media.

4. Opposition Commemorates Ancestors, Stalin Terror Victims

On November 2, over 1,500 activists of the Belarusian Popular Front and the Conservative Christian Party marched in northern Minsk to

mark Dzyady, Ancestors' Remembrance Day. Two separate rallies, authorized by Minsk city authorities, concluded with flower-laying at the Stalin-era mass murder Kurapaty site. Police closely observed the demonstrations but did not interfere. However, as they attempted to join the rally, sixty-five Maladaya Belarus youth group activists were taken off a Minsk-bound bus in Mogilyov on November 12. Two Malady Front activists, Yuri Bogdanovich and Semyon Bylinskiy, were reportedly beaten upon their return to Baranovichy after the rallies in Minsk. The activists were detained and charged with using obscenities and resisting the police. Both were released November 3 and will stand trial.

15. Kurapaty Vandals Detained

Conservative Christian Party activists guarding Kurapaty detained two vandals at the site on November 1. Police were called and transported the two drunken youngsters to the local precinct. They were later released, and after a preliminary investigation, police will announce whether a criminal case will be opened. Civil society representatives expressed hope that the vandals will be held criminally liable, particularly in the wake of a numerous uninvestigated attacks on the site.

16. "Extremist" Independent Newspaper Acquitted

On November 5, a Grodno district court dismissed a lawsuit that had outlawed the unregistered independent newspaper, Svaboda, as "extremist." The judge returned the case to a lower court due to "technical errors." The Belarusian Association of Journalists welcomed the decision and advocated against the arbitrary enforcement of criminal penalties on independent journalists and civil society.

VILNIUS 00000960 002 OF 002

Domestic Economy

17. GOB Secures Bank Deposits

On November 4, President Lukashenka signed a decree that the state will guarantee an unlimited 100 percent return of retail bank accounts and deposits of citizens and legal permanent residents of Belarus. By law, the vast majority of banks in the country will be covered, and all deposits shall be returned should the National Bank revoke a bank's license. The decree also excludes the need to declare deposits, withdrawals of deposits, and transfers of funds from foreign bank accounts and deposited in Belarusian banks. It also establishes an agency to oversee the guarantee of compensation of bank deposits of individuals in case of failure. Banks will no longer report transactions over USD 32,900 for individuals or over USD 330,000 for entrepreneurs and enterprises.

18. Foreign Debt Down, Internal Debt Up

The Finance Ministry reported on November 3 that Belarus' state foreign debt went down 0.1 percent on the month in September and reached USD 2.278 billion as of October 1. In January-September, a 3.9-percent decrease in the foreign debt was recorded. Belarus has borrowed the most from Russia, Germany, the U.S., and the World Bank. Meanwhile, its internal debt grew by 4.2 percent on the month in September to USD 2.994 billion as of October 1.

International Trade

19. Commodity Trade Deficit on the Rise

On October 31, the National Statistics Committee reported that Belarus' foreign commodity trade deficit amounted to USD 4.081 billion in January-September 2008 vs. USD 2.741 billion in the same period in 2007. Exports increased by 56.1 percent and imports increased by 55.1 percent year-on-year in January-September 2008. Russia has remained Belarus' key trade partner, with which Belarus

recorded a trade deficit of USD 10.622 billion for the same period.

¶10. Belarusian Potash Company to Cut Exports

The Belarusian Potash Company (BPC), the exclusive exporter of Belaruskaliy and Russia's Uralkaliy-manufactured potash fertilizers, announced on November 3 that it will reduce its exports by 700,000 tons in the fourth quarter of 2008. The cuts are attributed to the global financial crisis, reduced loans, and solvent demands from farmers around the world. Meanwhile, the BPC asserted that no contracts had been terminated, and an additional 400,000 tons of fertilizer will be supplied to the domestic market.

Quote of the Week

¶11. Appointing GOB officials and CEOs of state-owned enterprises on October 31, President Lukashenka admitted that the global financial crisis will affect Belarusian economy, saying, "only strong [countries] will benefit from [the global financial crisis]. It is a test, an exam for the economy, government, and management of enterprises." Lukashenka reiterated that "we must achieve projected goals. Look for [new] markets and promote your products, but do not wait for the Russians to come and buy everything up. You need to act promptly."

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